

UNITED POTATO GROWERS OF CANADA

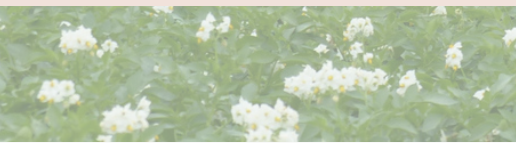
CROP UPDATE

11 AUGUST, 2023



RETAIL ADS CANADA

Most retails ads this week and last were for new crop round whites averaging \$4.99 across the country for a 10 lb bag
Ads were down this week over last for reds and russets, yellows about the same



POTATOES USA REPORT

U.S. retail dollar sales of potatoes increased 16.8% July 2022 – June 2023, which closed with a strong quarter (April – June 2023) that saw retail dollar sales growth of 14.5% compared to the same period last year . Dollar sales reached \$16.9 billion for the 52-week period, the highest in five years. Although volume sales were down for the year (-2.6%) and the quarter (-3.3 %), they remain 2.5% above pre-pandemic levels.
For fresh potatoes, the average sales price for the 52-week period was \$1.01/pound, a 19.8% increase from the previous year. Fresh dollar sales increased for all types except white, fingerling, and purple potatoes. Yellow potatoes were the only member of the fresh category to grow in dollar (21.4%) and volume (7.0%) sales. Russet potatoes, which make up 62% of all volume sales for the fresh category, saw dollar sales increase by 23.5% and volume decline by 3.3% for the year. Russet potatoes had the biggest year-over-year price increase in the fresh category (27.7%), though they still have an average sale price under \$1.00/pound (\$0.83).



US CROP HIGHLIGHTS

- NAPMN forecasts a 9.5% increase in 2023 US potato production. At 429.6 million cwt, that would be a 37.36 million cwt increase over 2022
- NAPMN is forecasting an average yield of 456 cwt per acre for the 2023 US crop, up from 438 for 2022 however still slightly below the 20 year trend yield. Growing conditions over the last few months have been generally favourable across the country.
- US packers shipped 6.28 million cwt of fresh potatoes during July, 609,000 cwt more than shipped the same time a year ago, a 10.7% increase, as shippers pushed out the last of old crop to good demand

EUROPEAN UPDATE

The Northern European potato crop has been battered by extreme weather this season. It started off with a late, wet and cold spring which delayed planting. That gave way to a very hot and dry May and June. But the arrival of July brought very wet and cold weather with it and some places had more than twice their normal rainfall for the month. August has begun wet but there is the prospect of warmer and drier conditions in the next few days. That will be welcomed by growers wanting to lift early crops and the sunshine will help further growth.

Trial digs in Belgium show that yields of the most important maincrop variety (Fontane) are only two thirds of the five-year average, highlighting the pressure crops have been under this year.

In addition to the pressure on yields, new figures suggest that planting in the EU is down 0.4% on last year to 1.358 million hectares, the smallest on record. An average crop would deliver more potatoes than in 2022 but poor yields forecast the smallest crop ever. One of Europe's largest growers of potatoes is Poland. It has planted its smallest area on record and yield problems look like it will deliver a sub 6 million tonne crop for the first time ever. In France and Germany, there is evidence that growers are switching from seed and starch crops to consumption potatoes (especially processing ones).

The real question is whether North American growers/shippers will be able to take advantage of this shortage of potatoes in Europe: is there enough capacity in processing in NA to ship frozen? is there availability of appropriate transport to ship Fresh potatoes? at what cost? or will Europe look for supply closer to home? We will continue to monitor the situation and provide you with updates as things develop.

ECONOMY

US Dollar Pressures

The BRICS Alliance, which encompasses Brazil, Russia, India, China, and South Africa, is gearing up to discuss the potential of using local currencies for cross-border transactions at their forthcoming August summit. Their overarching objective is to bolster their respective economies by prioritizing native currencies in international trade, effectively sidestepping the U.S. dollar. The member nations are convinced that transacting in local currencies within the bloc will not only be more efficient but will also prove to be cost-effective. Such a move is anticipated to catalyze business growth within the BRICS nations.

It's crucial to note the evolving landscape of global foreign exchange reserves. In FY 2002-03, the U.S. dollar held an imposing 71% share. However, over the last two decades, its grip has loosened, representing just 59% of all foreign exchanges by 2023, a decline of 12%. BRICS is not merely observing this shift passively; they are actively accelerating the decline. The alliance is engaging with developing nations across Asia, Africa, and South America, advocating for a reduced reliance on the U.S. dollar in their trade practices.

If this trend of "de-dollarization," championed by BRICS, continues unabated, we could witness a significant drop in the U.S. dollar's share in foreign exchange reserves in the coming decades. Such a paradigm shift could empower BRICS to reshape global power structures and the financial order within the next 20 years.

REGIONAL REPORTS

British Columbia

Despite over 2 months without rain and the Delta area losing water supply from the Fraser River almost a month early, the province is reporting in general above average crops with above average quality. All potato types are now going full volume.

Alberta

Chip growers have been digging for about three weeks now and some will be digging Rangers for processing as early as next week. Yields so far are reported as very good with a big set and the crop is a week to ten days ahead of schedule. The southern areas have not had rain and are now curtailing irrigation leaving a lot of time between now and storage crop harvesting expected around September 5th. There is still old crop in the processing plants with the majority planning shut down before transitioning to new crop. The seed crop further north around Edmonton is looking very good with better rainfall in that area.

Manitoba

As reported last month, the province has generally experienced hot and dry conditions with little rain except localized thunder showers which has kept pivots running. Early test digs are showing okay size and average yields. Some growers have started killing and may dig soon for the early market. If the province does receive more rain in the coming weeks later season varieties may yield better

Ontario

Although certain areas of the province have received abundant precipitation similar to neighbouring Quebec, most areas are okay and the crop is doing very well with very good yields being reported on the early harvest. All growers are keeping an eye out for late blight due to these conditions with a few fields already affected. Early potatoes for the fresh market are in full swing in whites; reds and yellows are also moving well; russets will be a few weeks.

Quebec

For most of Quebec, last week was characterized by heavy rainfall. Several regions recorded a good amount of rain during the period from 31 July to 8 August 2023. The situation continues to give cause for concern, however, as the rainfall has persisted for several consecutive weeks and the ground has reached water saturation in several places.

The weather conditions over the coming week will be important for several regions. Generally speaking, work in the fields such as spraying with fungicides and harvesting several early varieties has been delayed due to the rainfall and wet soil conditions. The situation is particularly critical in the black soils and heavier soils in most areas of the St. Lawrence lowlands. The more northern and western regions have not been hit as hard with rain and the crop is looking good with early harvest expected mid-August. More central and Lanaudiere regions the early harvest has begun and yields are reported as anywhere from 5% to 15% below normal. South of Montreal harvesting continues on early varieties with moderate yields delayed by regular rainfall, crop development is within seasonal averages.

New Brunswick

The province does not need more rain! Recent weather has had temperatures in the low 20's and not a lot of sunshine, growers are keeping a sharp eye out for late blight. So far the crop is looking good with full canopies, but need more sun and heat. Test digs of shown an okay set, yield and quality okay as well, but some are concerned about storability if the rains continue. There are a few whites on the market now from the southern fields.

Prince Edward Island

Old crop demand and prices continue to be strong although the shipping pace is slowing down as remaining supplies are on the decline. First loads of new crop (yellows) were shipped off Island this week. So far, the new crop is looking good. with weather warmer and wetter than normal. There is very good top growth and crop is now in bulking phase.

For the growing season, the western half of the province has had about average rainfall (although drier than average in West Prince County area), while above average rainfall has been experienced in the eastern half. There is concern about disease pressure (ie late blight) given wetter than normal conditions but farmers are staying on top of the issue and no late blight has been observed in fields to date.

Normally this time of year is hot and dry but we continue to get regular rainfalls. Overall, so far so good, there is the potential for a decent crop, of course depending on growing conditions for the rest of the season.

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